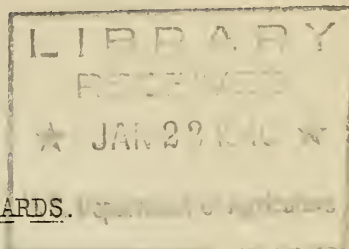


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service



REPORT ON THE PRESENT STATUS
OF CROP ESTIMATES, MARKET NEWS AND GRADE STANDARDS.

Address delivered before Fruit and Vegetable Conference, American Farm
Bureau Federation, Chicago, December 4, 1939.

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During the present fiscal year some new activities either have been started or will be undertaken shortly in our work relating to fruits and vegetables. As many of you know, a few of these new projects have been made possible through certain increases in the funds appropriated to the Department of Agriculture this year for specific activities in this field of work. These projects have been undertaken mainly in our crop reporting activities and in the market news service and standardization work.

Crop Estimates

I will outline briefly the present and recently proposed work regarding the reporting of the acreage, production, and market supplies of fruits and vegetables conducted by the Division of Agricultural Statistics. Mr. Reginald Royston, who has just preceded me, has prepared this part of my discussion and will be able to furnish further details on the work if you have questions about it.

For more than 20 years the Department has maintained a program of commercial fruit and vegetable reports which included monthly releases of acreage and production estimates, and in the case of commercial truck crops, semi-monthly releases of truck crops news notes also have been made during a large part of this period. In addition, stocks reports showing holdings in storage and on farms have been made for a number of years as of January 1 for some of the storable commodities, as potatoes, onions, and cabbage. Monthly reports also have been issued for years on quantities of apples and pears held in cold storage warehouses during their respective seasons.

The usefulness of the reports on truck crops to growers concerned and to the produce trade has been limited because of inadequate coverage and lack of timeliness, though the information released has been informative of conditions and prospects in the leading commercial areas. For a number of years numerous requests have been received from growers, distributors, and other Government agencies for more timely and comprehensive information on commercial truck crops. These requests were for such information as:

- (1) Time and progress of planting operations; whether plantings are earlier or later than usual.
- (2) Significant shifts in acreage and introduction of new varieties.
- (3) Progress of crops during growing season, including weather conditions, extent of infestation from insects or disease, state of growth, etc.
- (4) Advance reports on probable rate of flow of produce to markets, covering
 - (a) Time when harvest will begin,
 - (b) When shipments will become heavy,
 - (c) Period of peak shipments,
 - (d) Potential or probable volume of shipments,
 - (e) When the deal will be over.
- (5) Current items during harvest season on quality of produce, prices received by growers (whether good, fair, or poor), relative importance of rail and truck shipments, proportion of crop harvested, etc.
- (6) Flash or "spot" news on unusual developments, such as damage from frosts, freezes, floods, winds, and high temperatures, or abandonment of acreage because of low prices.

With the additional funds now allotted to the work, which make possible an enlarged personnel needed in some of the State offices in the leading fruit and vegetable sections, an expanded program will be instituted January 1, 1940 for reports on truck crops. This program is designed to furnish more information than at present, and to release it more quickly. The semi-monthly truck news notes will be expanded to cover all important areas in each State and will furnish more detailed information on the production, marketing, and supply of these crops in the different areas than in the past. Reports relating to the first of the month will be released on the fifth, and those relating to the fifteenth will be released on the nineteenth. Release will be made from Washington and the State offices on the same day, so that the information will reach growers and the trade throughout the country within a few days after it is collected, thereby reducing the present time schedule for these reports by from one-half to two-thirds.

In speeding up this service, coordination has been worked out between the various representatives of the Agricultural Marketing Service in the different areas who can assist in the work. The market news representatives and shipping point inspectors of the Fruit and Vegetable Division will work closely with the representatives of the Division of Agricultural Statistics in furnishing information relating to quality, time of peak shipments, and opening and closing dates of the marketing seasons. Besides the release of this material in mimeographed reports, other communication facilities will be utilized, as far as possible, including the leased wire of the Market News Service, in transmitting at least the summaries to the market news offices for local mail, newspaper, and radio dissemination.

In addition, a new procedure has been developed for handling flash news reports on fruits and vegetables. This phase of the service is designed to meet emergency situations arising from severe damage (or possible damage) from frosts, freezes, floods, winds, drought, or high temperatures in any State or area within the State. Obviously, reports on the effects of such hazards cannot be delayed until the release of a semi-monthly report. Since sudden damage from these crop hazards has an immediate effect on prices received by growers, it is important that growers and distributors have prompt reports on such damage from an unbiased agency. Too often trade rumors are the only source of information following a catastrophe.

When such hazards occur, the State statisticians will wire an immediate report to the Washington office, even though it may be too early to determine the extent of the damage. This preliminary wire will inform the Washington office of the unusual development and perhaps give the probable range of the damage. Subsequent wires, based on actual surveys, will give more accurate estimates of the damage.

These "spot" or flash news items will be placed on the leased wire in Washington and, with the assistance of the Market News Service, will be carried to all parts of the country. When of particular significance they will also be released as press flashes. At the same time, they will be released by the State offices to local agencies, growers, distributors, and other interested parties.

Other plans for speeding up the acreage and production estimates for fruits and vegetables include advancing the release dates of these estimates one or two days ahead of the monthly crop report for general farm commodities. In the case of some truck crops for which the program is inadequate, an extra mid-season estimate of production will be prepared.

Market News

For the current fiscal year, small increases in the funds for market news work appropriated by Congress have made it possible for us to expand the service as follows:

- (1) Reopening of the New Orleans office September 1, 1939 to assemble and disseminate the usual reports for that market, including the daily receipts by motor truck.
- (2) Continuation of the Sanford, Florida field office in operation throughout the entire celery shipping season. It has been necessary on account of lack of funds to close the office in April, whereas the season extends through June.
- (3) The recent inauguration of a system of reporting daily receipts of fruits and vegetables by motor truck at Chicago, Illinois.

Besides these activities, I wish to bring to your attention two projects undertaken this season in conjunction with the program of the Northeastern Vegetable and Potato Council, a group of farm leaders representing the vegetable and potato growers in the Northeastern States. One deals with an early morning flash report of prices and sales conditions in the New York City wholesale market which was developed experimentally to determine the practical value of such information to growers, and its feasibility from an operating viewpoint. One of the representatives in our New York City office canvassed the market daily between four and six o'clock in the morning to obtain the prevailing prices and trend of conditions compared with the previous day, for a dozen or more of the leading locally grown fruits and vegetables handled on the market. This information was summarized and telephoned to radio station WOR at 6:30, whence it was broadcast immediately.

The interest in this early morning information regarding the prices and market conditions this morning exceeded our expectations, and was widespread throughout the States served by the station. Growers liked it because they had a line on this morning's market before they had made their harvesting and marketing plans for the day, and could change them if they wished to do so in the light of the up-to-the-minute information. Reports were received that some motor truck operators installed radios in their trucks to obtain the information, and some produce dealers in markets outside of New York also installed radios to listen in on this daily report. This special project will be completed when the season for perishable local produce has closed.

The Philadelphia committee of the Council desired a report released currently showing prospective supplies, movement, and conditions for local produce shipped into the Philadelphia Market area. Most of this produce is shipped by motor truck, and the present production estimates or the market reports of the Department do not provide sufficient information regarding these local supplies. With some financial assistance furnished by the States of New Jersey and Pennsylvania, a cooperative project was developed under which a representative of the Market News Service obtained such information from leading growers and persons in the trade, and compiled it for weekly releases. The work continued for about six weeks during September and October. The demand for this type of information was so great that in several weeks' time the mailing list included more than 700 names, mainly growers, who voluntarily requested the weekly reports.

These two experimental efforts to provide market information sufficiently comprehensive, yet timely enough to serve best the needs of growers for such information, demonstrated their value to growers in equipping them with the facts needed currently to conduct their marketing operations more intelligently. The statement "Time is of the essence" is certainly true with regard to market reporting under present day conditions of intense competition between areas and individuals resulting from the continual pressure of relatively large supplies of many fruits and vegetables on market outlets.

Beside speeding up the release of current market information, there are many leading growers who state that under present conditions more information is needed in order to help them do a better job of marketing. They are interested in more complete information on the quantities and destinations of fruits and vegetables moving to market by motor truck, and where practicable, more details regarding the prices and quantities sold for each of the different grades, varieties, sizes, and kinds of containers. Present facilities, however, do not permit us to add these features to the reports.

Grade Standards

Since the official promulgation of the Federal standards for potatoes in 1917, the Department has formulated and issued grade standards for many of our commercially important fruits, vegetables, and nuts, both fresh and in processed forms. Standards are now available for approximately 60 of the different fresh fruits, vegetables, and nuts, and for nearly 40 of the processed fruits and vegetables, including the canned, quick-frozen, and dried forms. As you know, these grades are the basis for the operation of the Federal inspection service at shipping points and in the receiving markets. They provide a nationally understood "yardstick" for the definition of quality and condition of these commodities in sales transactions and the settlement of disputes under the Perishable Agricultural Commodities Act between buyers and sellers. From 40 to 45 percent of the total annual rail movement of fruits and vegetables in the United States is inspected under the supervision of the Agricultural Marketing Service on the basis of these standards.

Besides such time as we are able to give to the development of standards for fruits and vegetables for which none are now available, we are confronted daily in the conduct of our inspection work with questions involving interpretations of the grades that have been promulgated. We are also faced with revision of the standards from time to time to keep them abreast of changes growing out of shifts in varieties and strains, modifications of production and marketing practices, and, sometimes, the ravages of diseases and insects. We have recognized for some time the need for the development of grades for some of the fruits and vegetables utilized in the processing industries, such as citrus fruits, peas, Lima beans, beets, peaches, and blueberries, and as much work is being done on these products as our facilities permit.

The first standards for frozen vegetables were issued recently in tentative form for trial by processors, dealers, and consumers for peas and Lima beans. Tentative standards also have been issued this year for Pacific Coast walnuts and dried prunes. Growers involved and leading firms in the processing fields tell us repeatedly that there is a real need for standards for these processed commodities, both for the raw products and for the processed forms, to serve as a basis for transactions, and to improve the level of quality offered to consumers.

During much of the present decade, most fruit and vegetable growers have been faced with the serious problem of getting enough income to meet operating and overhead expenses. With the unfavorable relationships between low levels of market prices and high cost of distribution, and the increased pressure of distributing expanded supplies in reduced commercial outlets, growers and distributors have made greater use of official grades and inspection in trying to solve their marketing problems. Many of the efforts made through marketing agreement and other regulatory marketing programs developed by grower groups, have included measures limiting the quantities shipped to the grades and sizes that best meet what is termed "effective consumer demand."

The emphasis placed on the broadening of the distribution to sell effectively the supplies produced, has sharpened the interest of growers and distributors in feasible methods of better adapting the standards for grade to the needs and preferences of consumers. This appears to be based on the theory that suitable gradations in the quality offered for sale would permit meeting the varied demands of consumers that result from different income levels, and increase the total consumption of many fruits and vegetables.

With a small appropriation granted by Congress this year for work of this nature, we have undertaken in the Chicago area recently an investigation of the potato grades from this point of view. Experienced inspectors are studying the quality of lots of potatoes received in the Chicago market by tracing them from the wholesale market through to representative retail stores. The potatoes are checked for quality and condition on arrival in the retail store, and inspections are also made from time to time of the grade of potatoes offered to consumers in the store bins or in consumer packages.

We expect to obtain information showing the effects on the quality of potatoes of practices in distributing them from the railroad cars to the retailers, and in handling and selling them in the stores. These results, although not completely answering the question, should, insofar as the funds permit, throw considerable light on what happens to the quality of potatoes in the Chicago market.

Other Activities

During the past year we have had the opportunity of participating with leading growers and with representatives of the produce trade in a number of informal conferences and meetings held to consider the important marketing problems of the fruit and vegetable industry. In my opinion there is a high degree of unanimity of opinion today on the part of both grower and trade groups in recognizing the need for increasing the flow of fruits and vegetables through the distributive channels on a more efficient basis, and at lower costs to growers and consumers. For example, some produce trade leaders are taking active steps to develop a program for the improvement of facilities in some receiving markets now outmoded by motor truck traffic and changes in city distribution methods. They are interested also in curbing destructive competitive practices in the receiving markets through appropriate legal regulations in order to regain a higher degree of sound business operation and market stability.

These developments naturally concern the grower directly for he is interested in seeing brought about such improvements as will help to move more produce on a more efficient basis.

There is much effort being directed toward the building of consumption through advertising and sales promotion of various types, including dealer service activities conducted by grower and trade groups. In order to understand the scope of the efforts being made to encourage retailers to adopt practices calculated to increase their sales of fruits and vegetables, we are conducting a brief study of dealer service work. It is just getting under way, and our first requests for information from the groups and firms that are doing this work have been well received. We expect to prepare a report of the study after the available information has been assembled.

It is our sincere desire to be as helpful as possible to the fruit and vegetable industry generally, through the facilities and services that are made available to us. It is our purpose to conduct our activities in a manner that will be of greatest value to growers and the trade in coping with the distribution problems with which they are confronted.

